

Consolidated Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2023 (Six Months Ended September 30, 2022)

Toho Gas Co., Ltd.

Code No.: 9533 (URL <https://www.tohogas.co.jp/>)

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Date of filing quarterly financial report: November 11, 2022

Commencement of dividend payments: November 30, 2022

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: Yes (for institutional investors)

Shares listed on:

Tokyo Stock Exchange, Nagoya Stock Exchange

(Rounded down to the nearest million yen)

1. Consolidated Results for the 2nd Quarter Ended September 30, 2022 (April 1 – September 30, 2022)

(1) Consolidated business results (Percentage figures indicate the percentage change on the results for the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1 – September 30, 2022	302,843	45.7	8,420	200.1	9,803	133.7	6,891	135.8
April 1 – September 30, 2021	207,880	2.6	2,805	-81.1	4,194	-74.0	2,922	-75.1

Note: Comprehensive income 2nd Quarter ended September 2022: ¥4,417 million (-58.0%), 2nd Quarter ended September 2021: ¥10,506 million (-37.3%)

	Net income per share	Diluted earnings per share
	(Unit: yen)	(Unit: yen)
April 1 – September 30, 2022	65.56	-
April 1 – September 30, 2021	27.68	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
2nd Quarter ended September 2022	705,831	383,723	54.4
FY2021 ended March 2022	655,593	382,751	58.4

Reference: Net assets (excluding minority interests)

2nd Quarter ended September 2022: ¥383,723 million, FY2021 ended March 2022: ¥382,751 million

2. Dividends

	Dividend per share				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of 4th Quarter	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2021 ended March 2022	-	27.50	-	30.00	57.50
FY2022 ending March 2023	-	30.00	-	-	-
FY2022 ending March 2023 (forecasts)	-	-	-	30.00	60.00

Notes: Revision of previously announced dividend forecasts: No

3. Consolidated Results Forecasts for the Year Ending March 2023 (April 1, 2022 - March 31, 2023)

(Percentage figures indicate the percentage change on the results for the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full term	680,000	32.0	19,000	6.4	23,000	5.0	16,000	3.5	152.20

Notes: Revision of previously announced forecasts during this period: No

* Notes

(1) Changes in significant consolidated subsidiaries: No

(2) Application of accounting treatment peculiar to quarterly consolidated financial statement preparation: Yes*

* Please refer to P.6 for details.

(3) Changes in accounting treatment principles, changes in accounting estimates, and retrospective restatements

- Changes accompanied by reform of accounting standards: Yes

- Other changes: No

- Changes in accounting estimates: No

- Retrospective restatements: No

(4) Number of outstanding shares (common stock)

Number of outstanding shares at the end of the term (Inclusive of treasury stock)	2nd Quarter ended September 2022	105,256,285 shares	FY2021 ended March 2022	105,256,285 shares
Number of treasury stock at the end of the term	2nd Quarter ended September 2022	134,377 shares	FY2021 ended March 2022	155,339 shares
Average number of outstanding shares during the term	2nd Quarter ended September 2022	105,107,714 shares	2nd Quarter ended September 2021	105,599,355 shares

* This report of consolidated financial results is not subject to audit.

* Notes on proper use of forecasts and other matters

The forecasts in this document are based on the information available at the time of the release of this document. Due to various factors, the actual result may vary from the forecast data.

<Consolidated Financial Statements and Main Notes>

1. Consolidated balance sheet

(Unit: million yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Noncurrent assets		
Property, plant and equipment		
Production facilities	64,266	61,882
Distribution facilities	145,329	136,014
Service and maintenance facilities	26,879	31,534
Other facilities	48,155	48,542
Construction in progress	20,989	20,724
Total property, plant and equipment	305,619	298,698
Intangible assets		
Other	10,894	11,307
Total intangible assets	10,894	11,307
Investments and other assets		
Investment securities	112,444	117,384
Net defined benefit asset	23,206	23,957
Other	32,957	41,666
Allowance for doubtful accounts	-84	-67
Total investments and other assets	168,524	182,940
Total noncurrent assets	485,038	492,945
Current assets		
Cash and deposits	32,298	42,844
Notes and accounts receivable-trade	73,093	69,413
Inventories	21,942	53,995
Other	43,640	47,008
Allowance for doubtful accounts	-420	-375
Total current assets	170,555	212,885
Total assets	655,593	705,831

(Unit: million yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Noncurrent liabilities		
Bonds payable	50,000	57,500
Long-term loans payable	48,716	55,620
Provision for gas holder repairs	1,291	1,326
Reserve for safety measures	19,045	17,656
Provision for gas appliance warranties	620	433
Net defined benefit liability	5,919	6,012
Other	20,329	25,165
Total noncurrent liabilities	145,922	163,715
Current liabilities		
Current portion of noncurrent liabilities	35,664	35,165
Notes and accounts payable-trade	36,822	56,845
Short-term loans payable	2,935	2,512
Income taxes payable	5,949	4,399
Other	45,549	59,469
Total current liabilities	126,919	158,393
Total liabilities	272,842	322,108
Net assets		
Shareholders' equity		
Capital stock	33,072	33,072
Capital surplus	8,387	8,387
Retained earnings	268,374	271,752
Treasury stock	-499	-431
Total shareholders' equity	309,335	312,780
Other comprehensive income		
Valuation difference on available-for-sale securities	43,731	38,123
Deferred gains or losses on hedges	15,511	13,907
Foreign currency translation adjustment	3,252	8,410
Remeasurements of defined benefit plans	10,920	10,500
Total other comprehensive income	73,416	70,942
Total net assets	382,751	383,723
Total liabilities and net assets	655,593	705,831

**2. Consolidated statements of income and comprehensive income,
Consolidated statements of income for the Six Months**

(Unit: million yen)

	2nd Quarter of FY2021 (April – September 2021)	2nd Quarter of FY2022 (April – September 2022)
Net sales	207,880	302,843
Cost of sales	143,559	232,864
Gross profit	64,321	69,979
Selling, general and administrative expenses	61,515	61,558
Operating income	2,805	8,420
Non-operating income		
Interest income	103	160
Dividend income	1,108	1,255
Rent income	347	348
Miscellaneous income	448	1,423
Total non-operating income	2,007	3,187
Non-operating expenses		
Interest expenses	352	468
Loan modification loss	-	691
Miscellaneous expenses	266	645
Total non-operating expenses	618	1,804
Ordinary income	4,194	9,803
Income before income taxes	4,194	9,803
Income taxes	1,271	2,912
Net income	2,922	6,891
Net income attributable to owners of the parent	2,922	6,891

Consolidated statements of comprehensive income for the Six Months

(Unit: million yen)

	2nd Quarter of FY2021 (April – September 2021)	2nd Quarter of FY2022 (April – September 2022)
Net income	2,922	6,891
Other comprehensive income		
Valuation difference on available-for-sale securities	1,899	-5,607
Deferred gains or losses on hedges	4,482	-1,691
Foreign currency translation adjustment	1,203	4,436
Remeasurements of defined benefit plans, net of tax	-183	-413
Share of other comprehensive income of entities accounted for using equity method	183	801
Total other comprehensive income	7,583	-2,473
Comprehensive income	10,506	4,417
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	10,506	4,417
Comprehensive income attributable to non-controlling interests	-	-

3. Notes about consolidated statements

- Note of going concerns' premise: No

- Significant change in shareholders' equity: No

- Application of accounting treatment specific to the preparation of quarterly consolidated financial statements

Calculation of tax costs

Tax expenses are calculated by multiplying the quarterly net income before tax adjustment by the estimated effective tax rate for the current consolidated fiscal year.

The amount of corporate tax adjustment is included in the Income tax.

- Change in accounting policy

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021), etc. have been applied from the beginning of the first quarter consolidated accounting period of the current fiscal year. The new accounting policy will be applied in accordance with the transitional handling stipulated in “Implementation Guidance on tax rates used in applying Tax Effect Accounting” (ASBJ Guidance No. 27-2).

There will be no impact on the consolidated financial statements for the second quarter of the current fiscal year.

- Significant subsequent events

We have decided to issue transition bonds (amount of Issue is 10 billion yen), based on the resolution of Board of Directors' meeting held on March 31, 2022.

- Segment information

Segment information by category of business

Six months ended September 30, 2021 (April 1 – September 30, 2021)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	LPG and other Energies	Electricity	Total				
Net sales								
(1) External customers	133,306	37,875	24,640	195,822	12,057	207,880	-	207,880
(2) Intersegment	1,066	771	131	1,969	7,779	9,748	-9,748	-
Total	134,372	38,647	24,772	197,791	19,837	217,629	-9,748	207,880
Segment income or loss	328	-485	1,012	856	1,270	2,127	678	2,805

- Notes: 1. The “Other” segment incorporates operations not included in reported segment, including LNG processing under contract, leasing of buildings, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, other leasing business, development of and investment in natural gas resources, etc.
2. The “Adjustments” column in “Segment income or loss” (678 million yen) denotes eliminations of intersegment transactions.
3. Segment income or loss in the table above is reconciled to operating income on the quarterly consolidated statements of income.

Six months ended September 30, 2022 (April 1 – September 30, 2022)

(Unit: million yen)

	Business segment reported				Other (Note.1)	Total	Adjustments (Note.2)	Consolidated statements of income (Note.3)
	Gas sales	LPG and other Energies	Electricity	Total				
Net sales								
(1) External customers	187,911	49,705	50,770	288,388	14,455	302,843	-	302,843
(2) Intersegment	2,282	1,049	189	3,520	8,381	11,901	-11,901	-
Total	190,194	50,754	50,960	291,909	22,836	314,745	-11,901	302,843
Segment income or loss	13,279	-1,153	-6,400	5,725	1,976	7,701	718	8,420

- Notes: 1. The “Other” segment incorporates operations not included in reported segment, including LNG processing under contract, leasing of buildings, engineering of gas production plants, comprehensive utility service business, sales of housing equipment, data processing services, other leasing business, development of and investment in natural gas resources, etc.
2. The “Adjustments” column in “Segment income or loss” (718 million yen) denotes eliminations of intersegment transactions.
3. Segment income or loss in the table above is reconciled to operating income on the quarterly consolidated statements of income.